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LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

Audited Financial Statements
As of and For the Year Ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/3/07

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

Audited Financial Statements
As of and For the Year Ended June 30, 2007

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State of Louisiana
LOUISIANA REAL ESTATE COMMISSION

Kathleen Babineaux Blanco
GOVERNOR

MEMORANDUM

TO: Office of the Legislative Auditor
FROM: Albert Rowe, Accountant Admin. 1 *AR*
DATE: 8/24/07
RE: Required Financial Report Submission

Please find attached the comprehensive budget reports for the LA Real Estate Commission for the fiscal year ending 6/30/07.

If you have any questions, please call me at (225) 765-0191 ext.-245.

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Louisiana Real Estate Commission. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Real Estate Commission as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2007, on our consideration of the Louisiana Real Estate Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Louisiana Real Estate Commission's basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana Real Estate Commission. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 27, 2007

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Management's Discussion and Analysis

The management's discussion and analysis of the Louisiana Real Estate Commission's financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter and the Commission's financial statements.

FINANCIAL HIGHLIGHTS

The Commission's assets exceeded its liabilities at the close of fiscal year 2007 by \$4,138,110. The net assets increased by \$379,609 (or 10.1%).

The Commission's revenue increased by \$262,649 (or 4.9%), while the expenses increased by \$191,496 (or 3.8%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The Louisiana Real Estate Commission's financial statements are comprised of the basic financial statements and the notes to the financial statements. In addition to the basic financial statements and the accompanying notes, other information in this report presents certain supplementary information required by legislative resolution. The basic financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector business.

Basic Financial Statements

The basic financial statements of the Louisiana Real Estate Commission presents financial information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements of this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 9) presents the current and long-term portion of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how the Commission's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 11) presents information showing how the Commission's cash changed as a result of current year operations. The cash flow

statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Assets as of June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 3,808,194	\$ 3,890,341
Capital assets	<u>634,639</u>	<u>378,489</u>
Total assets	<u>4,442,833</u>	<u>4,068,830</u>
Current liabilities	250,530	280,528
Non-current liabilities	<u>54,193</u>	<u>29,801</u>
Total liabilities	<u>304,723</u>	<u>310,329</u>
Total net assets	<u>\$ 4,138,110</u>	<u>\$ 3,758,501</u>

The Commission's equity interest in its capital assets is reported within the investment in capital assets. Restricted net assets represents those assets that are not available for spending as a result of legislative requirements. The unrestricted net assets are those that do not have any limitations for what these amounts may be used.

Net assets of the Commission increased by \$379,609, or 10.1%, from June 30, 2006, to June 30, 2007. A major cause of this increase is an increase in capital assets.

Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 1,971,670	\$ 1,918,220
Operating expenses	<u>(1,806,550)</u>	<u>(1,750,252)</u>
Operating income	165,120	167,968
Non-operating revenues/expenses	<u>214,489</u>	<u>140,488</u>
Increase in net assets	<u>\$379,609</u>	<u>\$ 308,456</u>

The Commission's total revenues increased by \$262,649 or 4.9%. The total cost of all programs and services increased by \$191,496 or 3.8%.

CAPITAL ASSETS

At the end of 2007, the Commission had \$634,639 invested in a broad range of capital assets, including land, furniture and equipment, and construction-in-progress.

**Capital Assets at Year-end
(Net of Depreciation)**

Land	\$ 198,460
Construction-in-progress	390,933
Furniture and equipment	<u>45,246</u>
Total	<u>\$ 634,639</u>

This year's major additions included \$34,015 in furniture and equipment, and \$234,380 in construction in progress.

BUDGET

The annual budget was approved by the Commission at the December 15, 2005 meeting.

**CONTACTING THE LOUISIANA REAL ESTATE
COMMISSION'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana Real Estate Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director, Louisiana Real Estate Commission, Post Office Box 14785, Baton Rouge, Louisiana 70898-4785.

**Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Net Assets
June 30, 2007**

Assets

Current assets

Cash (note 2)	\$ 2,846,341
Investments (note 3)	934,402
Receivables	3,987
Due from Louisiana Real Estate Appraisers Board	23,223
Other assets	<u>241</u>
Total current assets	3,808,194

Non-current assets

Capital assets, net of depreciation (note 4)	<u>634,639</u>
Total assets	<u>4,442,833</u>

Liabilities

Current liabilities

Accounts payable (note 8)	140,147
Deposits held for others	85,138
Current portion of long-term liability	
Accrued compensated absences (note 9)	<u>25,245</u>
Total current liabilities	250,530

Non-current liabilities

Accrued compensated absences (note 9)	<u>54,193</u>
Total liabilities	<u>304,723</u>

Net assets

Invested in capital assets	634,639
Restricted net assets	400,000
Unrestricted net assets	<u>3,103,471</u>
Total net assets	<u>\$ 4,138,110</u>

See accompanying notes to the financial statements.

**Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Revenues, Expenses,
and Changes in Net Assets
Year Ended June 30, 2007**

Operating revenues	
Licenses, permits, and fees	<u>\$ 1,971,670</u>
Operating expenses	
Personal services	1,114,869
Travel	72,980
Operating services	342,773
Supplies	65,936
Professional services	117,460
Other charges	45,950
Capital outlay	34,337
Depreciation	12,245
Total operating expenses	<u>1,806,550</u>
Operating income	<u>165,120</u>
Non-operating revenues/expense	
Use of money and property	168,264
Other revenues	3,438,327
Other expenses	<u>(3,392,102)</u>
Total non-operating revenues/expenses	<u>214,489</u>
Change in net assets	379,609
Net assets, beginning of year	<u>3,758,501</u>
Net assets, end of year	<u>\$ 4,138,110</u>

See accompanying notes to the financial statements.

**Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Statement of Cash Flows
Year Ended June 30, 2007**

Cash flows from operating activities	
Cash received from customers	\$ 2,086,959
Cash paid to suppliers for goods and services	(672,088)
Cash paid to employees for services	<u>(1,127,823)</u>
Net cash provided by operating activities	<u>287,048</u>
Cash flows from non-capital financing activities	
Other non-operating revenue	3,438,327
Other non-operating expenses	<u>(3,392,102)</u>
Net cash provided by non-capital financing activities	<u>46,225</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(268,395)</u>
Net cash (used) by capital and related financing activities	<u>(268,395)</u>
Cash flows from investing activities	
Proceeds from sale of investment securities	98
Interest earned	<u>166,877</u>
Net cash provided by investing activities	<u>166,975</u>
Net increase in cash	231,853
Cash, beginning of year	<u>2,614,488</u>
Cash, end of year	<u><u>\$ 2,846,341</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 165,120
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	12,245
Decrease in due from other funds	115,130
Decrease in other assets	159
Increase in accounts payable	15,987
Increase in accrued payroll and related benefits	979
(Decrease) in accrued compensated absences	(13,933)
(Decrease) in deposits held for others	<u>(8,639)</u>
Net cash provided by operating activities	<u><u>\$ 287,048</u></u>

See accompanying notes to the financial statements.

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Notes to the Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Real Estate Commission is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:1430 - 1470, within the Office of the Governor, and is domiciled in East Baton Rouge Parish. The commission consists of nine members appointed by the governor. The members may receive a per diem not to exceed \$50 per meeting or day spent on business of the commission, plus travel expenses. The commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Operations of the commission are funded through self-generated revenues.

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commission members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana Real Estate Commission. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting

All activities of the commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to the commission is determined by its measurement focus. The transactions of the commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets, restricted net assets, and unrestricted net assets.

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Notes to the Financial Statements
June 30, 2007

Budget Practices

Annually, the commission adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2007, was adopted on December 15, 2005 and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the commission retains its unexpended net assets to fund expenditures of the succeeding year.

Cash and Investments

Cash includes petty cash, demand deposits and certificates of deposit. Under state law, the commission may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the commission may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the commission may invest in United States Treasury obligations, United States government agency obligations, and direct security repurchase agreements, or in eligible mutual funds that invest in these securities. Investments are stated at fair value.

Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment includes all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	<u>Years</u>
Automobiles	5
Data processing equipment	5
Furniture and equipment	10
Buildings	40

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Notes to the Financial Statements
June 30, 2007

compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

Net Assets

Net assets comprise the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Restricted net assets – Consists of external constraints placed on net assets use imposed by law through enabling legislation.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

NOTE 2 – CASH

At June 30, 2007, the commission has cash (book balances) totaling \$2,846,341.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2007, the commission has \$2,913,522 in deposits (collected bank balances) that were 100% insured or collateralized with securities held by the commission or its agent in the commission's name.

NOTE 3 – INVESTMENTS

The commission has investments totaling \$934,402 at June 30, 2007 which was invested in U. S. Treasury Bills and certificates of deposits. These investments are stated at fair value as required by GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*.

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Notes to the Financial Statements
June 30, 2007

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not depreciated				
Land	\$ 198,460	\$ -	\$ -	\$ 198,460
Construction-in-progress	156,553	234,380		390,933
Total capital assets not depreciated	<u>\$ 355,013</u>	<u>\$ 234,380</u>	<u>\$ -</u>	<u>\$ 589,393</u>
Other capital assets				
Furniture & Equipment	\$ 237,721	\$ 34,015	\$ -	\$ 271,736
Less accumulated depreciation	(214,245)	(12,245)		(226,490)
Total other capital assets	<u>\$ 23,476</u>	<u>\$ 21,770</u>	<u>\$ -</u>	<u>\$ 45,246</u>
Capital Asset Summary:				
Capital assets not depreciated	\$ 355,013	\$ 234,380	\$ -	\$ 589,393
Other capital assets	237,721	34,015		271,736
Less accumulated depreciation	(214,245)	(12,245)		(226,490)
Capital Assets, net	<u>\$ 378,489</u>	<u>\$ 256,150</u>	<u>\$ -</u>	<u>\$ 634,639</u>

NOTE 5 – RETIREMENT SYSTEM

Substantially all employees of the commission belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

All full time commission employees are eligible to participate in the System. Benefits vest with 10 years of service. Generally, at retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service, except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to participate before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of services, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of ten years of service.

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Notes to the Financial Statements
June 30, 2007

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the commission is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The commission's contribution rate for fiscal years ended June 30, 2007, 2006, and 2005 were 19.1%, 19.1%, and 17.8%, respectively, of annual covered payroll. The commission's contributions to the System for the years ending June 30, 2007, 2006, and 2005 were \$135,802, \$136,142, and \$125,696, respectively, which are the required contributions for each year.

NOTE 6 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana Real Estate Commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially all commission employees become eligible for those benefits if they reach normal retirement age while working for the commission. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the commission. The commission recognizes the cost of providing those benefits (commission's portion of premiums) as an expense when paid during the year. For the year ended June 30, 2007, the cost of nine retirees benefits totaled \$71,301.

NOTE 7 – LEASE AND RENTAL COMMITMENTS

The Commission has continuing obligations for operating leases at June 30, 2007 as follows:

<u>Fiscal Year Ending</u>	<u>Office Space</u>
June 30, 2008	\$ 163,800
June 30, 2009	\$ 39,585

Lease and rental expenses for the year ended June 30, 2007 totaled \$199,409. The Commission has no capital leases.

NOTE 8 – PAYABLES

At June 30, 2007, the Commission had payables totaling \$140,147 as follows:

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Notes to the Financial Statements
June 30, 2007

Accounts payable	\$ 93,142
Accrued wages payable	45,750
Refunds payable	1,255
Total payables	<u>\$ 140,147</u>

NOTE 9 – COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2007:

	<u>July 1, 2006</u>	<u>deductions</u>	<u>June 30, 2007</u>
Compensated Absences	\$ 93,371	\$ (13,933)	\$ 79,438

The deductions to compensated absences during the 2006-07 fiscal year represent the net change during the year because the additions and deductions could not readily be determined.

NOTE 10 – LITIGATION

The Louisiana Real Estate Commission intervenes in lawsuits filed against a licensee for the purpose of protecting the commission's exposure under the Louisiana Real Estate Recovery Fund. At June 30, 2007, the total exposure to the Recovery Fund is estimated to be \$20,000. Of this amount, it is reasonably possible that \$20,000 will result in payments to claimants.

NOTE 11 – RELATED PARTY TRANSACTIONS

The commission has no related party transactions at June 30, 2007.

NOTE 12 – OTHER REVENUES

Other revenues consist of \$3,400,709 of fees collected from licensees and disbursed as premiums for errors and omissions insurance and \$37,618 of miscellaneous revenue.

NOTE 13 – SUBSEQUENT EVENT

The Louisiana Real Estate Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds to construct new office space for the commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The bonds will be supported by a letter of credit in the amount of \$2,000,000 from Regions Bank, formerly AmSouth Bank. The letter of credit will be secured by an assignment of the commission's fees and will expire in three years from the date of issuance unless renewed. On July 11, 2007, bond anticipation notes were executed in the amount of \$2,000,000 for use in interim construction of the building. Concurrent with the execution of the notes, the Commission drew \$250,000. The bond anticipation notes will be drawn in installments as needed for construction. The notes will mature upon completion of the building, but no later than July 11, 2009, and will be paid from proceeds of issuance of the bonds.

**Other Report Required By
Government Auditing Standards**

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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AICPA PRIVATE COMPANIES PRACTICE SECTION
SOCIETY OF LOUISIANA CPAs

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF THE BASIC FINANCIAL STATEMENTS

Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Real Estate Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana Real Estate Commission's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Real Estate Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana Real Estate Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Commission and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

Roy Chenevert, CPA

Baton Rouge, Louisiana

August 27, 2007

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Schedule of Findings
For the Year Ended June 30, 2007

Type of auditor's report issued: Unqualified.

Internal control over financial reporting: No findings were identified.

Compliance: No instances of noncompliance were identified.

LOUISIANA REAL ESTATE COMMISSION
Office of the Governor
State of Louisiana
Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2006

There were no prior audit findings.

SUPPLEMENTAL INFORMATION SCHEDULES

PER DIEM PAID COMMISSION MEMBERS

The schedule of per diem paid to commission members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:1433. Commission members are paid \$50 per day for commission meetings and official business.

DIVISION OF ADMINISTRATION – OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY – REPORTING PACKAGE

The reporting package of the Division of Administration – Office of Statewide Reporting and Accounting Policy (OSRAP) was completed in order to provide information to OSRAP to be used in the preparation of the State of Louisiana's Comprehensive Annual Financial Report (CAFR).

**Louisiana Real Estate Commission
Office of the Governor
State of Louisiana
Schedule of Per Diem Paid Commission Members
For the Year Ended June 30, 2007**

	<u>Number</u>	<u>Amount</u>
William Bacque'	25	\$ 1,250
Michael D. Bono	11	550
William Boyd	3	150
Sandra G. Corrigan	13	650
Gretchen Ezernack	28	1,400
David Reinauer	-	-
Bruce G. Roberts	36	1,800
Mark O. Rodi	57	2,850
Judy Songy	30	1,500
Cynthia Stafford	29	1,450
		<hr/>
Total		<u>\$ 11,600</u>

Louisiana Real Estate Commission
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2007

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Kathleen Babineaux Blanco
GOVERNOR

State of Louisiana
LOUISIANA REAL ESTATE COMMISSION

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2007

Louisiana Real Estate Commission

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Albert B. Rowe, Chief Financial Officer of Louisiana Real Estate Commission who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Real Estate Commission at June 30, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 24th day of August, 2007

Albert B. Rowe
Signature of Agency Official

James Gordon Chustz
NOTARY PUBLIC

James Gordon Chustz
Notary # 17185

Prepared by: Albert B. Rowe

Title: Account Administrator 1

Telephone No.: (225) 765-0191

Date: 8/24/07

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

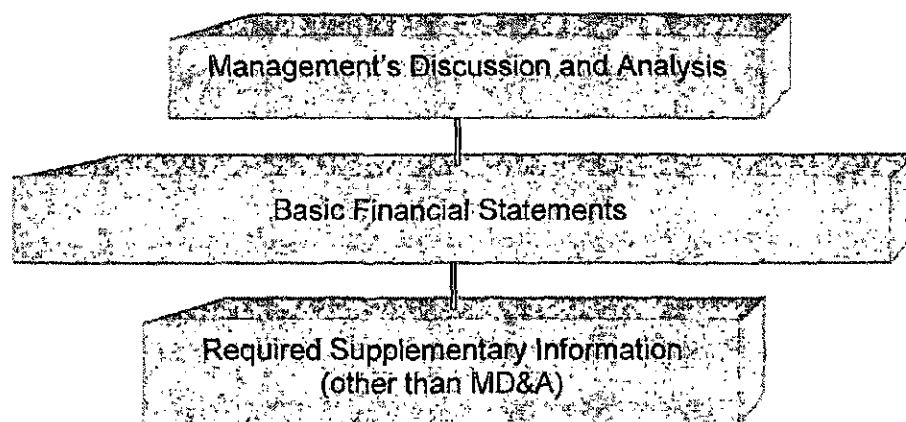
The Management's Discussion and Analysis of the Louisiana Real Estate Commission's (BTA) financial performance presents a narrative overview and analysis of the Commission's (BTA) financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Commission's (BTA) financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Louisiana Real Estate Commission's (BTA) assets exceeded its liabilities at the close of fiscal year 2007 by \$4,138,110 which represents a 10.1% increase from last fiscal year. The net assets increased by \$379,609 (or 10.1%).
- ★ The Commission's (BTA) revenue increased \$262,649 (or 4.9%) and the net results from activities increased by \$71,153 (or 23.1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Louisiana Real Estate Commission (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Commission (BTA) is improving or deteriorating.

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Commission's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Commission's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets as of June 30, 2007 and 2006 (in thousands)		
	Total	
	2007	2006
Current and other assets	\$ 3808	\$ 3691
Capital assets	635	378
Total assets	4,443	4,069
Other liabilities	251	281
Long-term debt outstanding	54	30
Total liabilities	305	311
Net assets:		
Invested in capital assets, net of debt	635	378
Restricted	400	400
Unrestricted	3103	2980
Total net assets	\$ 4,138	\$ 3,758

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Louisiana Real Estate Commission's (BTA) increased by \$379,609, or 10.1%, from June 30, 2006 to June 30, 2007. One of the major causes of this increase is the increase in capital assets.

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2007 and 2006
(in thousands)**

	Total	
	2007	2006
Operating revenues	\$ 1972	\$ 1918
Operating expenses	1807	1750
Operating income(loss)	165	168
Non-operating revenues(expenses)	215	140
Income(loss) before transfers	380	308
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ 380	\$ 308

The Commission's (BTA) total revenues increased by \$262,649 or (4.9%). The total cost of all programs and services increased by \$191,496 or 3.8%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Commission (BTA) had \$634,639 invested in a broad range of capital assets, including land, furniture and equipment, and construction-in-progress. (See Table below) This amount represents a net increase (including additions and deductions) of \$256,150, or 67.7%, over last year.

**Capital Assets at Year-end
(Net of Depreciation, in thousands)**

	2007	2006
Land	\$ 198	\$ 198
Buildings and improvements	-	-
Equipment	45	23
Infrastructure	391	157
Totals \$	\$ 634	\$ 378

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

This year's major additions included (in thousands):

- \$34 in furniture and equipment
- \$234 in construction in progress

Debt

The Louisiana Real Estate Commission (BTA) had no bonds and notes outstanding at year-end.

The Louisiana Real Estate Commission (BTA) had no claims and judgments outstanding at year-end. Other obligations include accrued vacation pay leave.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$137,000 over budget and expenditures were less than budget due in part to a reduction in personal services expenses.

CONTACTING THE LOUISIANA REAL ESTATE COMMISSION'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's (BTA) finances and to show the Commission's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Executive Director, Post Office Box 14785, Baton Rouge, LA 70896-4785.

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
BALANCE SHEET
AS OF JUNE 30, 2007**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,846,341
Investments	934,402
Receivables (net of allowance for doubtful accounts)(Note U)	3,987
Due from other funds (Note Y)	23,223
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	241
Total current assets	3,808,194

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Notes receivable	
Investments	
Capital assets (net of depreciation)(Note D)	
Land	198,460
Buildings and improvements	
Machinery and equipment	45,246
Infrastructure	
Construction in progress	390,933
Other noncurrent assets	
Total noncurrent assets	634,639
Total assets	\$ 4,442,833

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 140,147
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	85,138
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Compensated absences payable (Note K)	25,245
Capital lease obligations - (Note J)	
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	250,530

NON-CURRENT LIABILITIES:

Contracts payable	
Compensated absences payable (Note K)	54,193
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	54,193
Total liabilities	304,723

NET ASSETS

Invested in capital assets, net of related debt	634,639
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	400,000
Unrestricted	3,103,471
Total net assets	4,138,110
Total liabilities and net assets	\$ 4,442,833

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	1,971,670
Other	_____
Total operating revenues	1,971,670
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	1,794,305
Depreciation	12,245
Amortization	_____
Total operating expenses	1,806,550
Operating income(loss)	165,120
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	168,264
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	3,438,327
Other expense	(3,392,102)
Total non-operating revenues(expenses)	214,489
Income(loss) before contributions and transfers	379,609
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	379,609
Total net assets - beginning	3,758,501
Total net assets - ending	\$ 4,138,110

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

See Appendix A for instructions

	Program Revenues			Net (Expense)
		Operating	Capital	Revenue and
	Charges for	Grants and	Grants and	Changes in
Expenses	Services	Contributions	Contributions	Net Assets
Entity	\$ 1,806,550	\$ 1,971,670	\$	\$ 165,120
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				168,264
Miscellaneous				46,225
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				214,489
Change in net assets				379,609
Net assets - beginning as restated				3,758,501
Net assets - ending				\$ 4,138,110

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007**

Cash flows from operating activities

Cash received from customers	\$ 2,086,959	
Cash payments to suppliers for goods and services	(672,088)	
Cash payments to employees for services	(1,127,823)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>287,048</u>

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	46,225	
Net cash provided(used) by non-capital financing		<u>46,225</u>

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(268,395)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(268,395)</u>

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities	98	
Interest and dividends earned on investment securities	166,877	
Net cash provided(used) by investing activities		<u>166,975</u>

Net increase(decrease) in cash and cash equivalents		<u>231,853</u>
Cash and cash equivalents at beginning of year		<u>2,614,488</u>
Cash and cash equivalents at end of year	\$	<u><u>2,846,341</u></u>

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ 165,120
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	12,245	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds	115,130	
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets	159	
Increase(decrease) in accounts payable and accruals	16,966	
Increase(decrease) in compensated absences payable	(13,933)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities	(8,639)	
Net cash provided(used) by operating activities		\$ 287,048

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Total noncash investing, capital, and financing activities:	\$	-

The accompanying notes are an integral part of this statement.

Statement D (concluded)

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007**

INTRODUCTION

The Louisiana Real Estate Commission (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1430 -1470. The following is a brief description of the operations of Commission (BTA).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Real Estate Commission (BTA) present information only as to the transactions of the programs of the Commission (BTA) as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Commission (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Commission (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,291,526</u>
Amendments:	
Increase in operating services and supplies	<u>80,598</u>
	<u> </u>
Final approved budget	\$ <u><u>5,372,124</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Commission (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2007, consisted of the following:

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ <u>2,846,341</u>	\$ _____	\$ _____	\$ <u>2,846,341</u>
Deposits in bank accounts per bank	\$ <u>2,913,522</u>	\$ _____	\$ _____	\$ <u>2,913,522</u>
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ <u>0</u>
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ _____	\$ _____	\$ _____	\$ <u>0</u>
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	\$ _____	\$ _____	\$ _____	\$ <u>0</u>

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Capital One Bank</u>	_____	\$ <u>2,567,315</u>
2. <u>JP Morgan Chase</u>	_____	<u>70,151</u>
3. <u>Hancock Bank</u>	_____	<u>276,056</u>
4. _____	_____	_____
Total		\$ <u>2,913,522</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ <u>NONE</u>
Petty cash	\$ <u>300</u>

2. INVESTMENTS

The Commission (BTA) does maintain investment accounts as authorized by R.S. 49:327(C).

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007**

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Uninsured, *Unregistered, and Held by Counterparty	Reported Amount Per Balance Sheet	Fair Value
Type of Investment				
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	559,402	559,402
U. S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (Identify)	_____	_____	_____	_____
Certificates of deposit	_____	_____	375,000	375,000
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ -	\$ -	\$ 934,402	\$ 934,402

* unregistered - not registered in the name of the government or entity

3. DERIVATIVES – NOT APPLICABLE
4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE
- D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	Year ended June 30, 2007					
	Balance 6/30/2006	Prior Period Adjustment	Adjusted Balance 7/1/2006	Additions	Transfers*	Retirements
Capital assets not being depreciated						
Land	\$ 198,460	\$	\$ 198,460	\$	\$	\$ 198,460
Non-depreciable land improvements			-			-
Capitalized collections			-			-
Construction in progress	156,553		156,553	234,380		390,933
Total capital assets not being depreciated	\$ 355,013	\$ -	\$ 355,013	\$ 234,380	\$ -	\$ 589,393
Other capital assets						
Furniture, fixtures, and equipment	\$ 237,721	\$	\$ 237,721	\$ 34,015	\$	\$ 271,736
Less accumulated depreciation	(214,245)		(214,245)	(12,245)		(226,490)
Total furniture, fixtures, and equipment	23,476	-	23,476	21,770	-	45,246
Buildings and improvements			-			-
Less accumulated depreciation			-			-
Total buildings and improvements	-	-	-	-	-	-
Depreciable land improvements			-			-
Less accumulated depreciation			-			-
Total depreciable land improvements	-	-	-	-	-	-
Infrastructure			-			-
Less accumulated depreciation			-			-
Total infrastructure	-	-	-	-	-	-
Total other capital assets	\$ 23,476	\$ -	\$ 23,476	\$ 21,770	\$ -	\$ 45,246
Capital Asset Summary:						
Capital assets not being depreciated	\$ 355,013	\$ -	\$ 355,013	\$ 234,380	\$ -	\$ 589,393
Other capital assets, at cost	237,721	-	237,721	34,015	-	271,736
Total cost of capital assets	592,734	-	592,734	268,395	-	861,129
Less accumulated depreciation	(214,245)	-	(214,245)	(12,245)	-	(226,490)
Capital assets, net	\$ 378,489	\$ -	\$ 378,489	\$ 256,150	\$ -	\$ 634,639

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES – NOT APPLICABLE

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Real Estate Commission (BTA) has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in

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excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2007 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$131. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2006 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at:

http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_06.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2007, remained unchanged at

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19.1% of annual covered payroll from the 19.1% and 17.8% required in fiscal years ended June 30, 2006 and 2005 respectively. The (BTA) contributions to the System for the years ending June 30, 2007, 2006, and 2005, were \$135,802, \$136,142, and \$125,696, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana Real Estate Commission (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2007, the cost of providing those benefits for the nine retirees totaled \$71,301.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2006/07 amounted to \$199,409. A schedule of payments for operating leases follows:

Nature of lease	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013- 2017	FY 2018- 2022
Office Space	\$ 163,800	\$ 39,585	\$	\$	\$	\$	\$
Equipment							
Land							
Other							
Total	\$ 163,800	\$ 39,585	\$ -	\$ -	\$ -	\$ -	\$ -

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2007:

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	Balance June 30, 2006	Year ended June 30, 2007		Balance June 30, 2007	Amounts due within one year
		Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ --	\$
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	93,371		13,933	79,438	25,245
Capital lease obligations				--	
Claims and litigation				--	
Liabilities payable from restricted assets				--	
Other long-term liabilities				--	
Total other liabilities	93,371	--	13,933	79,438	25,245
Total long-term liabilities	\$ 93,371	\$ --	\$ 13,933	\$ 79,438	\$ 25,245

L. CONTINGENT LIABILITIES – NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. COOPERATIVE ENDEAVORS – NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2007, were as follows:

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As of and for the year ended June 30, 2007

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Interest receivable	\$	\$	\$	\$ 3,987	\$ 3,987
					-
Gross receivables	\$ -	\$ -	\$ -	\$ 3,987	\$ 3,987
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ 3,987	\$ 3,987
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2007, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 93,142	\$ 45,750	\$	\$ 1,255	\$ 140,147
					-
Total payables	\$ 93,142	\$ 45,750	\$ -	\$ 1,255	\$ 140,147

W. SUBSEQUENT EVENTS

The Louisiana Real Estate Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds to construct new office space for the Commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The bonds will be supported by a letter of credit in the amount of \$2,000,000 from AmSouth Bank. The letter of credit will be secured by an assignment of the Commission's fees and will expire in three years from the date of issuance unless renewed. On July 11, 2007, bond anticipation notes were executed in the amount of \$2,000,000 for use in interim construction of the building. Concurrent with the execution of the notes, the Commission drew \$250,000. The bond anticipation notes will be drawn in installments as needed for construction. The notes will mature upon completion of the building, but no later than July 11, 2009, and will be paid from proceeds of issuance of the bonds.

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS

- List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end:
(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Type of Fund	Name of Fund	Amount
	La. Real Estate Appraisers Board	\$ 23,223
Total due from other funds		\$ 23,223

- List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

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<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ <u>NONE</u>

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ <u>NONE</u>

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ <u>NONE</u>

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A at June 30, 2007, \$400,000 are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation).

CC. IMPAIRMENT OF CAPITAL ASSETS – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2007, the cost of providing those benefits for two voluntary terminations totaled \$8,954. There were no payments for involuntary termination benefits during 2007.

There is no liability for accrued voluntary or involuntary termination benefits payable at June 30, 2007.

Termination benefits include payments for unused annual leave balances up to 300 hours.

**STATE OF LOUISIANA
LOUISIANA REAL ESTATE COMMISSION (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2007**

<u>Name</u>	<u>Amount</u>
William Bacque"	\$ 1,250
Michael D. Bono	550
William Boyd	150
Sandra G. Corrigan	650
Gretchen Ezernack	1,400
David Reinauer	-
Bruce G. Roberts	1,800
Mark O. Rodi	2,850
Judy Songy	1,500
Cynthia Stafford	1,450
	\$ 11,600

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF NOTES PAYABLE
 _____, 20____
 (Fiscal close)

NOT APPLICABLE						
Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

*Send copies of new amortization schedules

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF BONDS PAYABLE
 _____, 20____
 (Fiscal close)

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2008	\$ _____	\$ _____	\$ _____	\$ _____ --
2009	_____	_____	_____	_____ --
2010	_____	_____	_____	_____ --
2011	_____	_____	_____	_____ --
2012	_____	_____	_____	_____ --
2013-2017	_____	_____	_____	_____ --
2018-2022	_____	_____	_____	_____ --
2023-2027	_____	_____	_____	_____ --
2028-2032	_____	_____	_____	_____ --
Total	\$ <u>_____</u> --	\$ <u>_____</u> --	\$ <u>_____</u> --	\$ <u>_____</u> --

STATE OF LOUISIANA
_____(BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013-2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
 Total	 \$ _____	 \$ _____

STATE OF LOUISIANA
_____(BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA

LOUISIANA REAL ESTATE COMMISSION (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 5,578,261	\$ 5,315,612	\$ 262,649	\$ 4.9%
Expenses	5,198,652	5,007,156	191,496	3.8%
2) Capital assets	634,639	378,489	256,150	67.7%
Long-term debt			-	
Net Assets	4,138,110	3,758,501	379,609	10.1%
Explanation for change:				

AGENCY NAME _____
AGENCY NUMBER _____

SCHEDULE 1